

# Vermont State Retirement System

## Statement of Investment Policy Guidelines

### Section B - Investment Manager Guidelines

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The following pages detail the specific investment guidelines that relate to each of the managers retained by the Vermont State Retirement System. Each manager shall be governed by Section A of this Policy Statement, in addition to the manager-specific guidelines listed herein. Any exemptions granted in this document (Section B) shall supercede the guidelines described in Section A.

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\* Alternatives dealt with on a case-by-case basis

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**Manager Name**

AllianceBernstein

**Asset Class**

U.S. Large Cap Equity Index Fund

**Long-term Benchmark**

S&P 500

**Style Benchmark**

None

**Peer Group Universe**

U.S. Large Cap Core Equity Managers

**Exemptions from General Guidelines:**

None

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#### **Manager Name**

Delaware Investment Advisers

#### **Asset Class**

U.S. Large Cap Value Equity

#### **Long-term Benchmark**

S&P 500

#### **Style Benchmark**

Russell 1000 Value

#### **Peer Group Universe**

U.S. Large Cap Value Equity Managers

#### **Exemptions from General Guidelines:**

None

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**Manager Name**

Baring Asset Management

**Asset Class**

U.S. Large Cap Growth Equity

**Long-term Benchmark**

S&P 500

**Style Benchmark**

Russell 1000 Growth

**Peer Group Universe**

U.S. Large Cap Growth Equity Managers

**Exemptions from General Guidelines:**

None

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**Manager Name**

Rothschild Asset Management, Inc.

**Asset Class**

U.S. Small Cap Value Equity

**Long-term Benchmark**

Russell 2000

**Style Benchmark**

Russell 2500 Value

**Peer Group Universe**

U.S. Small Cap Value Equity Managers

**Exemptions from General Guidelines:**

None

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**Manager Name**

Longwood Investment Advisors, Inc.

**Asset Class**

U.S. Small Cap Growth Equity

**Long-term Benchmark**

Russell 2000

**Style Benchmark**

Russell 2000 Growth

**Peer Group Universe**

U.S. Small Cap Growth Equity Managers

**Exemptions from General Guidelines:**

Longwood is permitted to invest up to 8% in a single holding (market value).

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**Manager Name**

UBS Global Asset Management

**Asset Class**

Established International Equity

**Long-term Benchmark**

SSB PMI EPAC

**Style Benchmark**

None

**Peer Group Universe**

Established International Equity Managers

**Exemptions from General Guidelines:**

UBS Global AM is permitted to invest in Rule 144A securities.

UBS Global AM is permitted to invest up to 20% in Emerging Market Equities.



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**Manager Name**

Lazard Asset Management

**Asset Class**

Established International Equity

**Long-term Benchmark**

SSB PMI EPAC

**Style Benchmark**

None

**Peer Group Universe**

Established International Equity Managers

**Exemptions from General Guidelines:**

Reporting exemption requested.

Lazard is permitted to invest up to 25% in Emerging Market Equities.

Lazard is permitted to invest up to 20% in International Small Cap.

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**Manager Name**

Loomis, Sayles & Company, L.P.

**Asset Class**

Core Domestic Fixed Income

**Long-term Benchmark**

Lehman Brothers Aggregate Bond Index

**Style Benchmark**

None

**Peer Group Universe**

Core Domestic Fixed Income Managers

**Exemptions from General Guidelines:**

Loomis is allowed to maintain a weighted average credit quality of investment grade or better for the portfolio.

Loomis is allowed to invest up to 10% of the portfolio in securities rated below BBB-/Baa. Loomis shall not be required to notify the system of any downgrades as long as the 10% cap is not exceeded.

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**Manager Name**

Post Advisory Group

**Asset Class**

High Yield Fixed Income

**Long-term Benchmark**

Lehman Brothers U.S. High Yield Index

**Style Benchmark**

None

**Peer Group Universe**

Domestic High Yield Managers

**Exemptions from General Guidelines:**

None

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**Manager Name**

Deutsche Asset Management

**Asset Class**

Global Fixed Income

**Long-term Benchmark**

Salomon World Government Bond

**Style Benchmark**

None

**Peer Group Universe**

Global Fixed Income Managers

**Exemptions from General Guidelines:**

Deutsche is allowed to vary the average duration (interest rate sensitivity) of its global fixed income portfolio in a range of +/- 2 years around the index duration (40% proposed versus 25% guidelines).

Deutsche is allowed to increase the ratio for larger markets (i.e. Euro and Japan) from 120% to 200%.

Deutsche is allowed to invest up to 10% in the Emerging Market Debt Fund.

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**Manager Name**

UBS Realty Investors LLC

**Asset Class**

Real Estate

**Long-term Benchmark**

NCREIF

**Style Benchmark**

None

**Peer Group Universe**

Real Estate Managers

**Exemptions from General Guidelines:**

None

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**Manager Name**

Henderson Global Investors

**Asset Class**

Real Estate

**Long-term Benchmark**

Frank Russell NCREIF

**Style Benchmark**

None

**Peer Group Universe**

Real Estate Managers

**Exemptions from General Guidelines:**

None